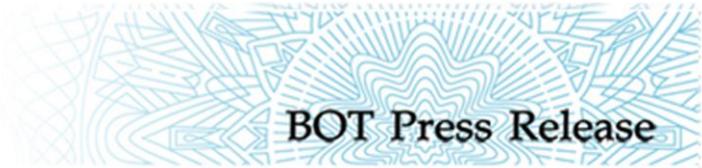




BANK OF THAILAND



Communications and Relations Office, Corporate Communications Department  
Tel. +66 2283 5016-7 Fax. +66 2283 6969 www.bot.or.th

No. 47/2019

Press Release on the Economic and Monetary Conditions for July 2019

In July 2019, the Thai economy expanded at a slightly higher pace than the previous month. Private consumption indicators improved on the back of durable and semi-durable goods spending, although overall private consumption continued to be on a decelerating trend relative to the first half of this year. Public spending rebounded from central government expenditures, while capital expenditures of state enterprises continued to contract. Private investment indicators were flat. On the external front, the value of merchandise exports slightly expanded, owing mainly to gold exports. Excluding gold, exports value growth remained negative, consistent with the decrease in manufacturing production. The tourism sector expanded higher from the increase in the number of Chinese and Indian tourists, the former partly due to the low base effect from the tour boat incident in Phuket last year.

**On the stability front**, headline inflation edged higher mainly on the back of the increase in fresh food prices, while core inflation decelerated. The seasonally adjusted unemployment rate increased from the previous month. The current account registered a surplus, attributed mainly to the trade balance. The capital and financial accounts posted a surplus on both the assets and the liabilities positions.

Details of the economic conditions are as follows:

**Private consumption indicators** expanded at a higher rate from the same period last year on the back of spending on durable goods, attributed to the increase in the number of newly registered motorcycles and the number of commercial car sales, and the spending on semi-durable goods, attributed to the retail sales of semi-durable goods and garment imports. Meanwhile, spending on non-durable goods and services moderated and remained unchanged, respectively. Overall, private consumption expanded at a softer pace compared to the first half of this year, partly due to weakening supporting factors, consistent with the continual deterioration of consumer confidence. Non-farm income turned into contraction as the number of employed persons decreased. Farm income expanded at a softer pace mainly from agricultural prices, particularly fruits, while agricultural production was unchanged.

**Public spending**, excluding transfers, rebounded from the same period last year from both current and capital expenditures of the central government. Current spending slightly increased mainly from compensation of civil servants as a result of an increase in pension disbursement. Capital spending increased from disbursement of the Department of Highways and the Royal Thai Police. However, capital spending of state enterprises continued to decrease from lower disbursement of PTT Public Company Limited (PTT) and the Mass Rapid Transit Authority of Thailand (MRTA).

The value of **merchandise exports** expanded by 3.8 percent from the same period last year which was the first positive growth in 8 months. However, the value of merchandise exports excluding gold continued to contract at 1.7 percent. The continued contraction can be attributed to weaker global demand as a result of slower economic growth in a number of major trading economies, the trade conflict between the US and China, the continued downturn in electronic cycle and the contraction of global crude oil prices. The

contraction was mainly due to the decrease in exports of 1) petroleum-related products from both prices and export volume; and 2) electronic products, especially hard disk drive, integrated circuit, printed circuit board and cellular phone. However, hard disk drive exports showed a recovery sign supporting by the relocation of production base from Malaysia previously. However, exports in several categories continued to expand, partly due to the substitution of Chinese goods in the US market, such as television sets, refrigerators, car tires, canned fish, and garments. In addition, exports of air-conditioners continued to expand, on the back of warmer than usual temperature, particularly in Europe and Australia. Moreover, exports of fruit to China continued to expand, despite China's economic slowdown.

The value of **merchandise imports** expanded by 0.9 percent from the same period last year, and excluding gold, the value of merchandise imports expanded by 4.2 percent. The expansion was attributable to the increase in 1) imports of raw and intermediate goods excluding fuel, particularly steels and electronic parts, while imports of crude oil contracted from both prices and volume, partly due to the continual shutdown of oil refineries for maintenance from the previous month; 2) imports of capital goods excluding aircrafts, ships, floating structures, and locomotive, particularly steam turbine and machinery for sugar production; and 3) imports of consumer goods, especially non-durable goods accelerated this month partly due to the low base effect of some goods, such as jewelry and electrical appliances.

**The number of foreign tourist arrivals** expanded by 4.7 percent from the same period last year, mainly from an increase in the number of Chinese and Indian tourists. The number of Chinese tourists rebounded from the low base effect as a result of the tour boat incident in Phuket last year, while the number of Indian tourists benefited from the exemption of the visa on arrival fee. However, the number of tourists from Europe decreased, particularly the number of Russian tourists which continued to decline following the economic slowdown.

**Private investment indicators**, on net, were unchanged from the same period last year. Investment in machinery and equipment slightly expanded. Meanwhile, investment in construction contracted from the continual decline in permitted construction area, except for area for manufacturing purposes which expanded. Moreover, construction material sales contracted following contraction of concrete pile sales, consistent with the slowdown in real estate sector. After seasonal adjustment, private investment indicators were unchanged from the previous month.

**On the stability front**, headline inflation edged higher to 0.98 percent from 0.87 percent last month, due mainly to an increase in fresh food prices, coupled with a smaller contraction in energy prices following an increase in domestic retail petroleum prices as a result of a rise in global crude oil prices. Meanwhile, core inflation decelerated from the previous month, reflecting a slowdown in domestic demand. The seasonally-adjusted unemployment rate increased from last month. The current account registered a surplus due mainly to an increase in trade surplus. The overall capital and financial accounts registered a surplus from both the assets and liabilities positions.

Bank of Thailand  
30 August 2019

For further information, please contact: Macroeconomic Team 1-2  
Tel: +66 (0) 2283 5639, +66 (0) 2283 5647  
E-mail: EPD-MacroEconomicsTeam1-2@bot.or.th